

REMARKS/ARGUMENTS

This amendment is submitted in response to the Office Action dated November 8, 2005 and to the Personal Interview that was held on February 7, 2006. After entry of this amendment, claims 63-103, 105-110, 112, 113, 115, 116, 118-120 and 188-263 will be pending in this application.

Reconsideration and allowance are respectfully requested in view of the remarks made below.

1. The Claims for Priority

Page 2 of the Office Action contained the following statement:

This application is claiming the benefit of prior-filed nonprovisional application No. 09/964,262 under 35 U.S.C. 120, 121, or 365(c). Copendency between the current application and the prior application is required. Since the applications are not copending (i.e., **09/964,262 was abandoned on 1/8/2002, prior to the present application filing date**), the benefit claim to the prior-filed nonprovisional application is improper. Applicant is required to delete the reference to the prior-filed application from the first sentence(s) of the specification, or the application data sheet, depending on where the reference was originally submitted, unless applicant can establish copendency between the applications..

Applicant notes that the Notice of Abandonment in Application Serial Number 09/964,262 was not mailed by the U.S. Patent and Trademark Office until January 6, 2004, nearly 2 years after the alleged date of abandonment of this application, and furthermore that no actual date of abandonment was indicated on the Notice of Abandonment. The undersigned inherited an incomplete file from Applicant's previous counsel that seemed to indicate that the Notice to file Missing Parts in Application Serial Number 09/964,262 had been adequately responded to and as a result there was copendency between that application and the present application.

In any event, Applicant has amended the claim for priority to flow instead from PCT/US01/30002, which was filed on September 26, 2001 (the same day as Application Serial

Number 09/964,262). PCT/US01/30002 designated the United States, it claimed priority to provisional applications 60/235,367 and 60/268,854, and it remained pending well beyond the filing date of the present application, *i.e.* February 28, 2002. Applicant is filing concurrently herewith a petition under 37 C.F.R. 1.78(a)(3) requesting that the USPTO accept the unintentionally delayed claim for priority to PCT/US01/30002. Applicant reserves the right to reinstate the claim to priority based on Application Serial Number 09/964,262 and to petition for revival of that application in the event that the petition is not granted.

The Office Action further stated:

Further, the present application claims benefit to provisional applications, 60/235,367 and 60/268,854, both of which were filed more than one year prior to the filing of the present application. The benefit claim to the prior-filed provisional applications are improper. Applicant is required to delete the reference to the prior-filed applications from the first sentence(s) of the specification, and/or the application data sheet, depending on where the reference was originally submitted.

Applicant respectfully submits that the claims to priority to the provisional applications will be in order once the petition to claim priority based on PCT/US01/30002 has been granted.

2. *The Prior Art Rejections and the Personal Interview*

Examiner Zeender is thanked for the time taken out of his busy schedule to meet with the undersigned, the inventor Mr. Jeffrey Batoff and the inventor's business partner Mr. Nicholas Poduslenko on Tuesday February 7, 2006. Although no agreement was reached in the interview, it is felt that the dialogue that took place concerning the invention and the prior art during the interview will ultimately be helpful.

Original claim 1 was rejected under §102(e) based on U.S. Patent Publication 2004/0098317 to Postrel (hereinafter "Postrel"). Original claims 1, 28-31, 51-53, 55-63, 87-90, 110-112 and 114-120 were rejected under §103(a) based on a proposed combination of U.S. Patent 6,847,938 to Moore (hereinafter "Moore") in view of Postrel. Original claims 54 and 113 were rejected under §103(a) based on a proposed combination of Moore, Postrel and U.S. Patent Publication 2002/0004759 to Bradford et al. (hereinafter "Bradford").

In the Interview Mr. Batoff and the undersigned pointed out the significant differences that exist between the teachings of the applied references and Applicant's claimed invention.

Specifically, it was pointed out that Postrel is directed mainly to a system for trading frequent-flier reward points. It does not disclose an electronic bartering system for facilitating consumer to consumer bartering transactions as does the present invention. It relates instead to a complicated system that permits aggregation of rewards points from a multitude of users, including business users, and a multiplicity of different reward programs. For this reason, Applicant respectfully submits that Postrel is nonanalogous prior art to the present invention, and thus cannot legally be used in a §103(a) rejection of Applicant's claims. MPEP 2141.01(a) provides as follows:

2141.01(a) Analogous and Nonanalogous Art [R-2]

TO RELY ON A REFERENCE UNDER 35 U.S.C. 103, IT MUST BE ANALOGOUS PRIOR ART

The examiner must determine what is "analogous prior art" for the purpose of analyzing the obviousness of the subject matter at issue. "In order to rely on a reference as a basis for rejection of an applicant's invention, the reference must either be in the field of applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned." *In re Oetiker*, 977 F.2d 1443, 1446, 24 USPQ2d 1443, 1445 (Fed. Cir. 1992). See also *In re Deminski*, 796 F.2d 436, 230 USPQ 313 (Fed. Cir. 1986); *In re Clay*, 966 F.2d 656, 659, 23 USPQ2d 1058, 1060-61 (Fed. Cir. 1992) ("A reference is reasonably pertinent if, even though it may be in a different field from that of the inventor's endeavor, it is one which, because of the matter with which it deals, logically would have commended itself to an inventor's attention in considering his problem."); * *Wang Laboratories Inc. v. Toshiba Corp.*, 993 F.2d 858, 26 USPQ2d 1767 (Fed. Cir. 1993)>; and *State Contracting & Eng'g Corp. v. Condotte America, Inc.*, 346 F.3d 1057, 1069, 68 USPQ2d 1481, 1490 (Fed. Cir. 2003) (where the general scope of a reference is outside the pertinent field of endeavor, the reference may be considered analogous art if subject matter disclosed therein is relevant to the particular problem with which the inventor is involved)<.

Applicant's field of endeavor may be defined as systems and methods for facilitating consumer to consumer barter transactions using an electronic barter system where the system determines the valuation for goods entered into the system by a consumer. Postrel is clearly outside this pertinent field of endeavor. In addition, the subject matter disclosed in Postrel would not have been relevant to the particular problem with which the present inventors were involved-

one key problem being how valuation is determined, which in the present invention is determined by the electronic barter system and on which Postrel contains no helpful disclosure.

Postrel fails to disclose or suggest in any way one important concept that is set forth in all of the pending independent claims, that being that the electronic barter system determines and awards to a consumer user an amount of barter credit for item(s) that are listed on the electronic barter system. In addition, Postrel does not provide users with the ability to engage in swapping of one or more items. It does not provide users with the ability to enter items for which negotiable swapping credit (i.e. credit for acquiring items listed by other users) is given by an electronic barter system. The Office Action identified paragraph 56 of Postrel as being of particular relevance. This paragraph reads as follows:

In another aspect of the invention, an electronic bartering system is implemented, wherein product manufacturers, producers, distributors, etc. can provide surplus or overstocked goods for liquidation into the chain of supply of the system and exchange then (sic) for points as described herein. This provides an inventory management and liquidation system for these manufacturers and sellers.

Paragraph 56 of Postrel to the extent that it can be understood seems to be describing a business transaction (not a consumer swapping transaction as Applicant's claims require) in which a business can liquidate excess inventory in exchange for fungible reward "points." It is important to understand that it is the business that would be specifying the value or price that must be received for those goods, not the system. Accordingly, the system would not be determining and awarding a credit as Applicant's claims require.

It is also important to understand that Paragraph 56 of Postrel does not disclose that the system awards points or credit to the business at the time that the good are entered or listed on the system. In other words, points are not being awarded for entering the item as Applicant's claims require. The points are obviously not being credited to the user until there is a subsequent exchange. The business has distressed inventory that it would like to get rid of. The business gets to name the price. The points can be liquidated for a cash value. Could the system operators permit the business to place an unlimited amount of distressed inventory into the system at a price that the business chooses and give the business immediately negotiable point

credit in return? Of course not. Therefore Postrel fails to provide the teaching that the Office Action has relied on it to provide, i.e. of credits being provided for entering an item.

Postrel is also not disclosing a consumer to consumer swapping system. In the disclosure that is provided in Paragraph 56, a scenario is described where businesses could liquidate inventory of goods into the system in exchange for point credit to be given at a later time. The business would then eventually redeem those accumulated reward points as described in paragraph 31 of Postrel. Those points may be reconciled by the trading server computer 20 as a monetary credit as described in the penultimate sentence of paragraph 31. Businesses invariably seek monetary compensation for their distressed inventory, not other goods. Businesses utilizing this system would almost certainly decide to sell their excess inventory into the system for cash credit at a price that is set by the business. From the standpoint of the business, this would not be a true barter transaction, but a sale of goods.

Postrel does not teach the concept of an electronic barter system that determines the amount of credit that is given when a user enters an item. It does not teach the concept of an electronic barter system that determines when a user is obligated to surrender an item that is listed on the electronic barter system. It does not teach or disclose the concept of an electronic barter system that operates so that a user's unused credits is not required to be equal to the combined total credits of all inventory items entered by that user which have not been surrendered. It does not disclose in any way an electronic barter system that operates by permitting a user to enter only items that are listed in one or more lookup databases. It does not disclose or suggest an electronic barter system that operates so that a first user may acquire an item from another user where it does not require that the other user acquire any item from the first user. It does not disclose or suggest an electronic barter system that operates by estimating the cost of postage required to ship an item. It does not disclose or suggest an electronic barter system that monitors user compliance with at least one user obligation and that determines whether the user may continue using the system in response to such monitoring.

Moore was also discussed at length in the interview. The Examiner admitted in the Office Action that "Moore lacks the specific teaching of the credits being provided for entering

an item.(underlining in original)” The Office Action relied on Postrel to provide a teaching of this element, but as pointed out above it does not.

In particular, the paragraph beginning at column 4, line 61 and ending at column 5, line 13 was identified by the Examiner as being of particular relevance to the applied rejection. This paragraph reads as follows:

In one embodiment of the present invention, the system may be a feature of an online club (e.g., an online CD exchange club). The club may require that users pay a fee to become members, where the fee is used to guarantee exchanges. For example if a member entered into an exchange without actually possessing the item he committed to providing, his fee could be used by the club to purchase a new version of the same item so that the other party to the exchange is protected. The club may also add a nominal surcharge to each transaction to protect the system and promote the club for its own growth. In other embodiments, the system of the present invention maintains an accounting of member fees to ensure that members who engage in exchanges are active, that is, paid in full to date. The system of the present invention may also be part of a club that functions on a point system, where members can be credited or assessed points that may be exchanged at some later time for items in the club's inventory or items possessed by other club members.

The Examiner admitted during the interview that the disclosure provided in this paragraph is vague and unclear. It could mean any one of a number of things. It is unspecific. The disclosure first states that users would pay a fee to become members of a club, of which an “online CD exchange club” is given as an example. The last sentence of the paragraph refers to a “point system.” It is unclear exactly how the points would be awarded. Would a certain amount of points be distributed to users each month in exchange for the membership fee? Would a certain amount of points be given to users in exchange for the surcharge that is mentioned previously in the paragraph? Would members purchase the points for cash? Would points be distributed through a combination of such mechanisms? The disclosure provided in Moore is insufficient to determine which of these possibilities, if any, were being contemplated by Moore. A person skilled in the art at the time of Applicant's invention, not having the benefit of hindsight based on Applicant's disclosure would, it is respectfully submitted, not find suggestion in the reference that points could be awarded to users in exchange for listing goods for acquisition as is the case in Applicant's invention.

What is clear is that Moore does not teach or suggest in any way the concept of an electronic barter system that determines the amount of credit that is given when a user enters an item. It does not teach or suggest in any way the concept of an electronic barter system that determines when a user is obligated to surrender an item that is listed on the electronic barter system. It does not teach or disclose the concept of an electronic barter system that operates so that a user's unused credits is not required to be equal to the combined total credits of all inventory items entered by that user which have not been surrendered. It does not disclose or suggest in any way an electronic barter system that operates by permitting a user to enter only items that are listed in one or more lookup databases. It does not disclose or suggest an electronic barter system that operates so that a first user may acquire an item from another user where it does not require that the other user acquire any item from the first user. It does not disclose or suggest an electronic barter system that operates by estimating the cost of postage required to ship an item. It does not disclose or suggest an electronic barter system that monitors user compliance with at least one user obligation and that determines whether the user may continue using the system in response to such monitoring.

Applicant has canceled claims 1-62, rendering the §102(e) rejection of claim 1 moot. Independent Claim 63 has been amended to set forth the method claimed therein as positive method steps and to positively set forth the limitation that the electronic barter system permits the first consumer user to acquire an item from another consumer user where it is not required that the other consumer user acquire any item from the first consumer user and that the electronic barter system communicates a request to the consumer user who listed the desired item that the consumer user who listed the desired item surrender the desired item. Neither Moore nor Postrel nor any of the other references of record disclose or suggest individually nor in combination a method as is set forth in independent claim 63. For that reason, claims 63-120 are respectfully submitted to define over the prior art of record and to be in condition for allowance.

A legally proper §103(a) obviousness rejection involving the modification of the structure described in one or more references requires some suggestion or incentive that would have led a person having ordinary skill to make the modification. As MPEP 2143 describes:

2143 Basic Requirements of a *Prima Facie* Case of Obviousness

To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations.

The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

In this case, there would have been no suggestion or incentive present at the time Applicant's invention was made to modify the system or method disclosed in Moore to the extent that would be necessary to achieve Applicant's claimed invention. It is not provided in Moore, Postrel, any of the other references of record or in the knowledge that was generally available to one of ordinary skill in the art at the time of Applicant's invention.

Since neither Moore nor Postrel disclose or suggest the concept of the electronic barter system determining and awarding to a consumer user an amount of barter credit for a listed item as is required in all of the independent claims, any proposed combination of those references under §103(a) will fall short of achieving Applicant's claimed invention. The references when combined therefore fail to fail to teach or suggest all of the claim limitations.

Independent claim 188 sets forth a method of operating an electronic barter system that includes a step of the electronic barter system determining at least one condition under which a consumer user must give up possession of an item, and the electronic barter system communicating a request to the consumer user who listed the desired item that the consumer user who listed the desired item surrender said desired item under the at least one condition that was determined by the electronic barter system. The claim also specifies that the electronic barter system permits the first consumer user to acquire an item from another consumer user where it is not required that the other consumer user acquire any item from the first consumer user. Neither Moore nor Postrel nor any of the other references of record disclose or suggest individually nor in combination a method as set forth in independent claim 188. For that reason, claims 188-200

are respectfully submitted to define over the prior art of record and to be in condition for allowance.

Independent claim 200 sets forth a method of operating an electronic barter system that includes a step of the electronic barter system operating so that a user's unused credits is not required to be equal to the combined total credits of all inventory items entered by that user which have not been surrendered, and wherein the system determines when the user must give up possession of an item. The claim also specifies that the electronic barter system permits the first consumer user to acquire an item from another consumer user where it is not required that the other consumer user acquire any item from the first consumer user. Neither Moore nor Postrel nor any of the other references of record disclose or suggest individually nor in combination a method as it set forth in independent claim 200. For that reason, claims 200-211 are respectfully submitted to define over the prior art of record and to be in condition for allowance.

Independent claim 212 sets forth a method of operating an electronic barter system that includes a step of the electronic barter system operating so that a user's unused credits is not required to be equal to the combined total credits of all inventory items entered by that user which have not been surrendered. The claim also specifies that the electronic barter system permits the first consumer user to acquire an item from another consumer user where it is not required that the other consumer user acquire any item from the first consumer user. Neither Moore nor Postrel nor any of the other references of record disclose or suggest individually nor in combination a method as it set forth in independent claim 212. For that reason, claims 212-223 are respectfully submitted to define over the prior art of record and to be in condition for allowance.

Independent claim 224 sets forth a method of operating an electronic barter system that includes a step of the electronic barter system operating by permitting a user to enter only items that are listed in one or more lookup databases. The claim also specifies that the electronic barter system permits the first consumer user to acquire an item from another consumer user where it is not required that the other consumer user acquire any item from the first consumer user. Neither Moore nor Postrel nor any of the other references of record disclose or suggest individually nor

in combination a method as it set forth in independent claim 224. For that reason, claims 224-234 are respectfully submitted to define over the prior art of record and to be in condition for allowance.

Independent claim 235 sets forth a method of operating an electronic barter system that includes a step of the electronic barter system operating so that a first user may acquire an item from another user where it does not require that the other user acquire any item from the first user. Neither Moore nor Postrel nor any of the other references of record disclose or suggest individually nor in combination a method as it set forth in independent claim 235. For that reason, claims 235-246 are respectfully submitted to define over the prior art of record and to be in condition for allowance.

Independent claim 247 sets forth a method of operating an electronic barter system that includes a step of the electronic barter system operating by estimating the cost of postage required to ship an item. The claim also specifies that the electronic barter system permits the first consumer user to acquire an item from another consumer user where it is not required that the other consumer user acquire any item from the first consumer user. Neither Moore nor Postrel nor any of the other references of record disclose or suggest individually nor in combination a method as it set forth in independent claim 247. For that reason, claims 247-249 are respectfully submitted to define over the prior art of record and to be in condition for allowance.

Independent claim 250 sets forth a method of operating an electronic barter system that includes a step of the electronic barter system operating by monitoring user compliance with at least one user obligation and that determines whether the user may continue using the system in response to such monitoring. The claim also specifies that the electronic barter system permits the first consumer user to acquire an item from another consumer user where it is not required that the other consumer user acquire any item from the first consumer user. Neither Moore nor Postrel nor any of the other references of record disclose or suggest individually nor in combination a method as it set forth in independent claim 250. For that reason, claims 250-252

are respectfully submitted to define over the prior art of record and to be in condition for allowance.

Independent claim 253 sets forth a method of operating an electronic barter system that includes steps of the electronic system (1) determining when a user must give up possession of an item wherein a user's unused credits is not required to be equal to the combined total credits of all inventory items entered by said user which have not been surrendered; (2) wherein a first user may acquire an item from another user where it is not required that said other user acquire any item from said first user; (3) wherein the electronic barter system estimates the cost of postage required to ship the item; and (4) wherein the electronic system monitors user compliance with at least one user obligation; and the system determines whether the user may continue using the system in response to said monitoring. Neither Moore nor Postrel nor any of the other references of record disclose or suggest individually nor in combination a method as it set forth in independent claim 253. For that reason, claims 253-263 are respectfully submitted to define over the prior art of record and to be in condition for allowance.

3. Conclusion

Applicant has made an earnest effort to place this application in condition for allowance. If the Examiner feels that a telephone interview would expedite prosecution of this patent application, he is respectfully invited to telephone the undersigned at 215-599-0600. Contact with the undersigned via electronic mail at jknoble@patentwise.com is hereby authorized¹ per MPEP 502.03.

Respectfully submitted,

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¹ Recognizing that Internet communications are not secure, I hereby authorize the USPTO to communicate with me concerning any subject matter of this application by electronic mail. I understand that a copy of these communications will be made of record in the application file.